



Compensation Policies and Procedures for Chief Executive Officer, Chief Actuary, and Investment Management Positions

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Performance Award Policies

Elements of a Performance Plan

The three basic elements of a performance plan are:

- (1) **Performance Measures** - The component parts of the plan:
 - *Quantitative Performance Measures* - numerically measurable factors such as return on investment
 - *Qualitative / Other Performance Measures* - factors which are not numerically measurable, such as performance on key objectives.
 - *“Special Projects”* may be included under Qualitative Performance Measures in a plan. A Special Project is an activity that:
 - is out of the ordinary; not routine ongoing workload
 - is of significant importance to the enterprise
 - has a clearly-defined outcome, result or goal
 - has a beginning and an end (milestones may be identified to measure progress toward the goal)
 - is generally guided by parameters of scope and schedule
 - requires special effort and resources
 - is typically removed from the special projects list in a performance plan when it no longer meets the criteria, has been completed and/or transitioned to ongoing workload or program.
 - (2) **Weights** - The relative value of each performance measure in an incentive plan. The total of all performance measures is 100%.
 - (3) **Performance Award Schedules** - The value of various levels of achievement for each performance measure. The focal point is the target award. Satisfactory achievement leads to the target award. There are also degrees of performance above and below the target level, from 0% of the target award to 150% of the target award. Award schedules will be periodically reviewed by the Performance and Compensation Committee. (Refer to Appendix 1 for more information on performance award schedules and targets.)
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